



TEXAS DEPARTMENT OF INSURANCE

Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)

7551 Metro Center Drive, Suite 100, Austin, Texas 78744-1645

(512) 804-4000 | F: (512) 804-4811 | (800) 252-7031 | TDI.texas.gov | @TexasTDI

MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name

Sentrix Pharmacy and Discount

Respondent Name

State Office of Risk Management

MFDR Tracking Number

M4-17-1697-01

Carrier's Austin Representative

Box Number 45

MFDR Date Received

February 6, 2017

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "Sentrix responded on 12/2/16 with a reconsideration of the claim and it was received by the carrier on 12/12/16 ... No action was taken."

Amount in Dispute: \$6,025.03

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "To date the Office has not received a complete bill on the correct form as prescribed by the Division for this date of service which would meet the criteria in Rule §133.10 to perform an audit."

Response Submitted by: State Office of Risk Management

SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
October 11, 2016	Pharmacy Service – Compound	\$6,025.03	\$4,718.80

FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and applicable rules of the Texas Department of Insurance, Division of Workers' Compensation.

Background

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §102.4 sets out the procedures for non-division communications.
3. 28 Texas Administrative Code §133.10 sets out the requirements for billing forms/formats.
4. 28 Texas Administrative Code §134.502 sets out the procedures for pharmaceutical benefits.
5. 28 Texas Administrative Code §134.503 sets out the fee guidelines for pharmaceutical services.

6. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
 - 15 – Payment adjusted because the submitted authorization number is missing, invalid, or does not apply to the billed services or provider.
 - 18 – Duplicate claim/service.
 - 293 – This procedure requires prior authorization and none was identified.
 - 306 – Billing is a duplicate of other services performed on same day.

Issues

1. Did the State Office of Risk Management (SORM) maintain a denial of payment for the disputed compound based on preauthorization?
2. Did Sentrix Pharmacy and Discount (Sentrix) support its submission of a complete medical bill and receipt by SORM?
3. Is Sentrix entitled to reimbursement for the compound in question?

Findings

1. Sentrix is seeking reimbursement of \$6,025.03 for a compound dispensed on October 11, 2016. Per the explanation of benefits submitted to the division, the compound was denied with claim adjustment reason codes 15 – “PAYMENT ADJUSTED BECAUSE THE SUBMITTED AUTHORIZATION NUMBER IS MISSING, INVALID OR DOES NOT APPLY TO THE BILLED SERVICES OR PROVIDER,” and 293 – “THIS PROCEDURE REQUIRES PRIOR AUTHORIZATION AND NONE WAS IDENTIFIED.”

Review of the submitted documentation finds that SORM stated in its position statement that the compound “was audited in error.” The division also finds a rejection letter from SORM dated November 10, 2016, stating, “ALTHOUGH THE BILL WAS PROCESSED AND AN EOB WAS ISSUED, THE BILL SHOULD NOT HAVE BEEN PROCESSED ACCORDING TO THE CLEAN CLAIM REVIEW ... PLEASE NOTE THAT THE EOB ATTACHED HAS ALREADY BEEN MAILED TO YOU BUT SHOULD NOT BE USED FOR A RECONSIDERATION AS IT WAS PROCESSED AND ISSUED IN ERROR.”

The division concludes that SORM did not maintain its denial of payment for preauthorization. Therefore, this denial reason will not be considered in this review.

2. SORM asserted in its position statement that “To date the Office has not received a complete bill on the correct form as prescribed by the Division for this date of service which would meet the criteria in Rule §133.10 to perform an audit.”

Sentrix asserted in its position statement that “Sentrix responded on 12/2/16 with a reconsideration of the claim and it was received by the carrier on 12/12/16 ... No action was taken.” Submitted documentation included a pharmacy bill (DWC066) completed in accordance with 28 Texas Administrative Code §133.10.

28 Texas Administrative Code §102.4(h) states:

Unless the great weight of evidence indicates otherwise, written communications shall be deemed to have been sent on:

- (1) the date received, if sent by fax, personal delivery or electronic transmission or,
- (2) the date postmarked if sent by mail via United States Postal Service regular mail, or, if the postmark date is unavailable, the later of the signature date on the written communication or the date it was received minus five days...

Documentation submitted to the division includes a USPS tracking form indicating that the complete pharmacy bill was submitted on December 2, 2016, and received by SORM on or about December 12, 2016. The division concludes that the greater weight of evidence supports the submission of a complete medical bill that was received by SORM.

Therefore, the disputed compound will be reviewed in accordance with the applicable fee guidelines.

3. Sentrix is seeking reimbursement of \$6,025.03 for the following ingredients in the disputed compound:

- Pentoxifylline 0.5%, NDC 38779256008, \$4.82
- Tranilast 1%, NDC 52372077002, \$12.05
- Fluticasone Propionate 1%, NDC 58597827604, \$4,500.09
- Levocetirizine Dihydrochloride 2%, NDC 58597835506, \$201.84

Texas Administrative Code §134.503 applies to the compound in dispute and states, in pertinent part:

- (c) The insurance carrier shall reimburse the health care provider or pharmacy processing agent for prescription drugs the lesser of:
- (1) the fee established by the following formulas based on the average wholesale price (AWP) as reported by a nationally recognized pharmaceutical price guide or other publication of pharmaceutical pricing data in effect on the day the prescription drug is dispensed:
 - (A) Generic drugs: $((\text{AWP per unit}) \times (\text{number of units}) \times 1.25) + \4.00 dispensing fee per prescription = reimbursement amount;
 - (B) Brand name drugs: $((\text{AWP per unit}) \times (\text{number of units}) \times 1.09) + \4.00 dispensing fee per prescription = reimbursement amount;
 - (C) When compounding, a single compounding fee of \$15 per prescription shall be added to the calculated total for either paragraph (1)(A) or (B) of this subsection; or
 - (2) notwithstanding §133.20(e)(1) of this title (relating to Medical Bill Submission by Health Care Provider), the amount billed to the insurance carrier by the:
 - (A) health care provider; or
 - (B) pharmacy processing agent only if the health care provider has not previously billed the insurance carrier for the prescription drug and the pharmacy processing agent is billing on behalf of the health care provider.

The compound in dispute was billed by listing each drug included in the compound and calculating the charge for each drug separately as required by 28 Texas Administrative Code §134.502(d)(2).

Reimbursement is calculated as follows:

Ingredient	NDC & Type	Price/Unit	Total Units	AWP Formula §134.503(c)(1)	Billed Amt §134.503 (c)(2)	Lesser of (c)(1) and (c)(2)
Pentoxifylline 0.5%	3877925608 Generic	\$8.284	0.6 gm	\$6.21	\$4.82	\$4.82
Tranilast 1%	52372077002 Generic	\$10.15	1.2 gm	\$15.23	\$12.05	\$12.05
Fluticasone Propionate 1%	58597827604 Generic	\$3,750.00	1.2 gm	\$5,625.00	\$4,500.09	\$4,500.09
Levocetirizine Dihydrochloride 2%	58597835506 Generic	\$84.00	2.4 gm	\$252.00	\$201.84	\$201.84
NA	NA	NA	NA	\$15.00 fee	\$0.00	\$0.00
					Total	\$4,718.80

The total allowable reimbursement for the compound in dispute is \$4,718.80. This amount is recommended.

Conclusion

For the reasons stated above, the Division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is \$4,718.80.

ORDER

Based on the submitted information, pursuant to Texas Labor Code Section 413.031 and 413.019 (if applicable), the division has determined the requestor is entitled to additional reimbursement for the disputed services. The division hereby ORDERS the respondent to remit to the requestor \$4,718.80, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this order.

Authorized Signature

Signature

Laurie Garnes
Medical Fee Dispute Resolution Officer

December 1, 2017
Date

YOUR RIGHT TO APPEAL

Either party to this medical fee dispute has a right to seek review of this decision in accordance with Rule §133.307, effective May 31, 2012, *37 Texas Register 3833*, **applicable to disputes filed on or after June 1, 2012.**

A party seeking review must submit a **Request to Schedule a Benefit Review Conference to Appeal a Medical Fee Dispute Decision** (form **DWC045M**) in accordance with the instructions on the form. The request must be received by the division within **twenty** days of your receipt of this decision. The request may be faxed, mailed or personally delivered to the division using the contact information listed on the form or to the field office handling the claim.

The party seeking review of the MFDR decision shall deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §141.1(d).

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.